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## RECENT TRENDS IN YUGOSLAVIAN - BLOC TRADE

During the first nine months of 1958, Yugoslavia's trade with the Soviet Bloc showed a substantial increase over the volume of trade achieved during the same period of 1957. Exports to the Bloc reached \$80.8 million during the January - September 1958 period compared to \$68.2 million in 1957. In relative terms, however, this represented a slight decline in trade as only 23 percent of all Yugoslav exports went to the Bloc in January - September 1958 compared with 25 percent for the corresponding months of 1957. Imports from the Bloc showed an increase during 1958 in both absolute and relative terms. Imports amounted to \$145.9 million during the first nine months of 1958. This was 26 percent of total imports. In the same period of 1957, imports from the Bloc were \$91.6 million and represented 18 percent of all imports. Total Bloc trade represented 26 percent of Yugoslavia's world trade during the January - September 1958 period. While in the first three quarters of 1957, only 20 percent of world trade was conducted with the Bloc.

The data above seem to indicate that the crisis in Yugoslav - Bloc relations has had little effect on trade. There is some evidence, however, that trade during the third quarter of the year did begin to reflect the effects of the current dispute. During the July - September 1958 period, trade with the Bloc totaled \$70.7 million, which was only slightly larger than the \$68.2 million reached in the third quarter of 1957. Furthermore, exports to Bulgaria, Czechoslovakia, Poland, and Romania were lower in September of 1958 than September of last year. Imports from the Bloc were also lower than September of 1957. Foreign Secretary Koca Popovic is reported as stating that, while difficulties concerning the supply of 200,000 tons of wheat from the Soviet Union had been cleared up, the question of 200,000 tons of coking coal from the Soviets was still unsettled. Earlier in the year, Yugoslavian officials had stated that they would not receive 600,000 tons of coking coal from the Bloc.

The increase in trade with the Bloc was accounted for entirely by the European satellites. Trade with the USSR showed a decline from a total of \$70.7 million during the first nine months of 1957 to \$71.0 million for the same period of 1958. The largest gain was registered with East Germany which increased its total from \$10.5 million in the first three quarters of 1957 to \$37.0 million in January - September of 1958. Poland showed an increase from \$21.3 million in 1957 to \$40.4 million in 1958.

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Yugoslavia has signed a trade agreement covering 1959 with Poland and negotiations are under way with Hungary, Czechoslovakia, and Bulgaria. Although 1959 agreements would normally have been signed by this time, talks with the USSR, Romania, Albania, East Germany and Red China are still pending.

Yugoslavia's Free World trade also increased during the first nine months of 1958 but the increase was much less than that achieved with the Klos. Total Free World trade grew from \$64.7 million in 1957 to \$64.3 million in 1958, an increase of 4 percent. Free trade during January - September 1958 was approximately 40 percent above the corresponding 1957 total.

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Estimated Cost of the Sino-Soviet Bloc Policies in IndonesiaFunds Obligated by Program

FY 1957 - FY 1962

(Millions of Dollars)

	Actual		Estimated				TOTAL 1959-62
	1957	1958	1959	1960	1961	1962	
Military Assistance	8.0	170.0	80.0	50.0	50.0	50.0	230.0
Economic Assistance	25.0	94.6	100.0	75.0	55.0	50.0	280.0
Technical Assistance*	(1)*	(2)*	(2)*	(2)*	(2)*	(2)*	(8)*
Information Services	.5	.5	.9	1.0	1.0	1.0	3.9
Educational Exchanges	.2	.4	.2	.5	.2	.2	2.0
TOTAL	33.7	265.3	181.4	136.5	106.5	101.5	515.9

\* Technical Assistance: The amounts listed in this category have been extracted from the military and economic assistance programs above and are not to be considered additional amounts of assistance.

General Comments:

Military Assistance: The military assistance figures are conservative projections based on contracts which have been executed or are pending. The estimate is also conservative when compared to the total amount Indonesia requested of the United States in 1956 and 1957 (approximately \$630 million). As seen in the chart below, which gives the military breakdown by sections of the Bloc, the real role of the USSR is heavily disguised by the use of the European Satellites as the actual contractor.

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In some cases Egypt is also being used as the cut-out or middleman for the Bloc to allay the fears of some of the Indonesians.

Military Assistance

FY 1957 - FY 1962

(Millions of Dollars)

	<u>Actual</u>		<u>Estimated</u>			<u>TOTAL</u> 1959-62
	1957	1958	1959	1960	1961	
USSR*	\$	0	0	0	0	0
Communist China	0	0	0	0	0	0
European Satellites	0	<u>170</u>	<u>80</u>	<u>20</u>	<u>20</u>	<u>20</u>
<b>TOTAL</b>	<b>\$</b>	<b>170</b>	<b>80</b>	<b>50</b>	<b>50</b>	<b>230</b>

\* The USSR probably will continue to channel most of its military equipment and technical assistance to Indonesia through European Satellites and Egypt in order to avoid embarrassment to Indonesia.

Economic Assistance: The projected estimates of economic assistance reflect credits of \$200 million which have been extended and accepted for the years 1959-62 as well as additional credits of \$100 million which are pending. This is a conservative estimate since the Bloc has shown interest in other large projects for which no cost estimates are available.

Major Soviet assistance is expected in: Ships, roads, electrification, blast furnace, rerolling mill, earth moving equipment, fertilizer plants,

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transportation facilities, rice, exploration and research work for coal reserves, non-ferrous metals deposits, and other mineral resources.

Most of Communist China's assistance is expected in: textile plants, steel mill, rice, textiles, and small industries.

The European Satellite assistance is expected in: ships, shipyards, electrification, earth moving equipment, small industries, farm machinery, auto manufacturing or assembling, sugar mill, and transportation facilities.

Economic Assistance

FY 1957 - FY 1962

(millions of dollars)

	Actual		Estimated				TOTAL 1957-62
	1957	1958	1959	1960	1961	1962	
UNCR	0	40.0	60	40	30	30	160
Communist China	15*	11.2	20	20	10	10	60
European Satellites	10	63.4	20	15	15	10	60
TOTAL	25	94.6	100	75	55	50	280

\* Funded trade deficit.

Educational Exchanges: It is estimated that 400-500 scholarships have been offered to Indonesia by the Sino-Soviet Bloc countries up to the present time. Approximately 200 of these scholarships are believed accepted. The scholarships require several years residence abroad--

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away of them as much as 5-6 years. Czechoslovakia, Poland, and East Germany have 75 percent, Communist China 15 percent and the USSR 10 percent of the students thus far.